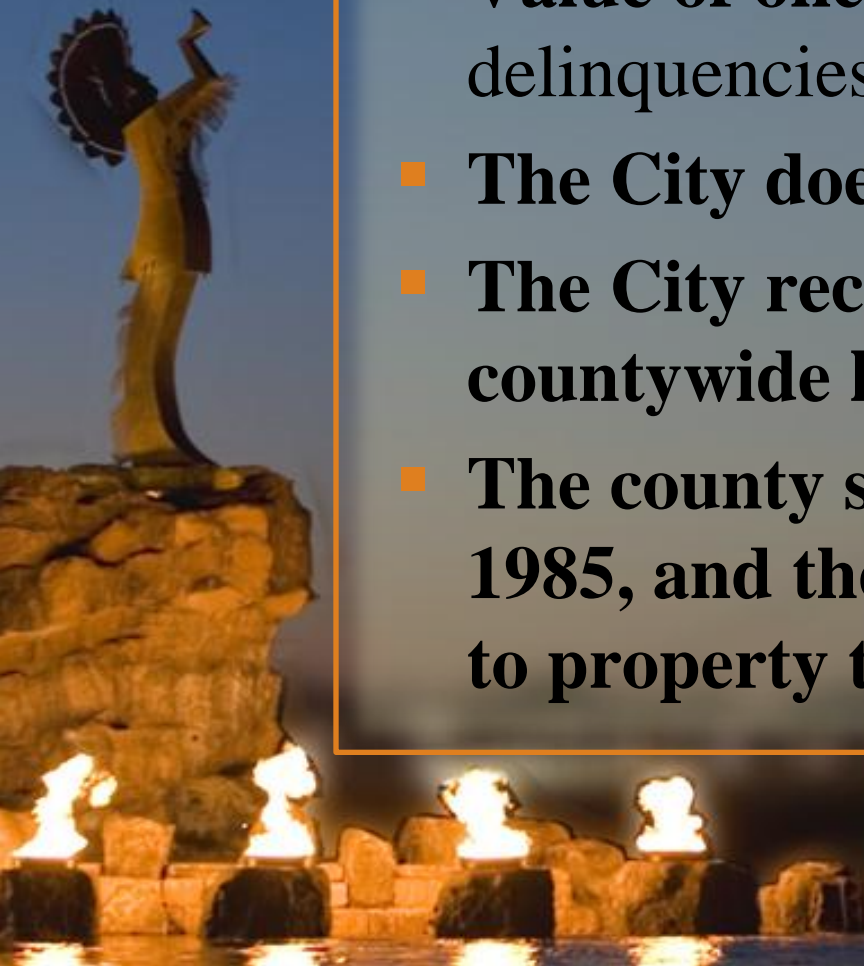


Property Tax Relief Proposal




Status Quo

- **Current City mill levy rate = 31.979**
- **Value of one mill = \$2,815,100 (net of delinquencies)**
- **The City does not have a local sales tax**
- **The City receives a portion of the countywide local sales tax**
- **The county sales tax was approved in 1985, and the City pledged equal shares to property tax relief and the CIP**

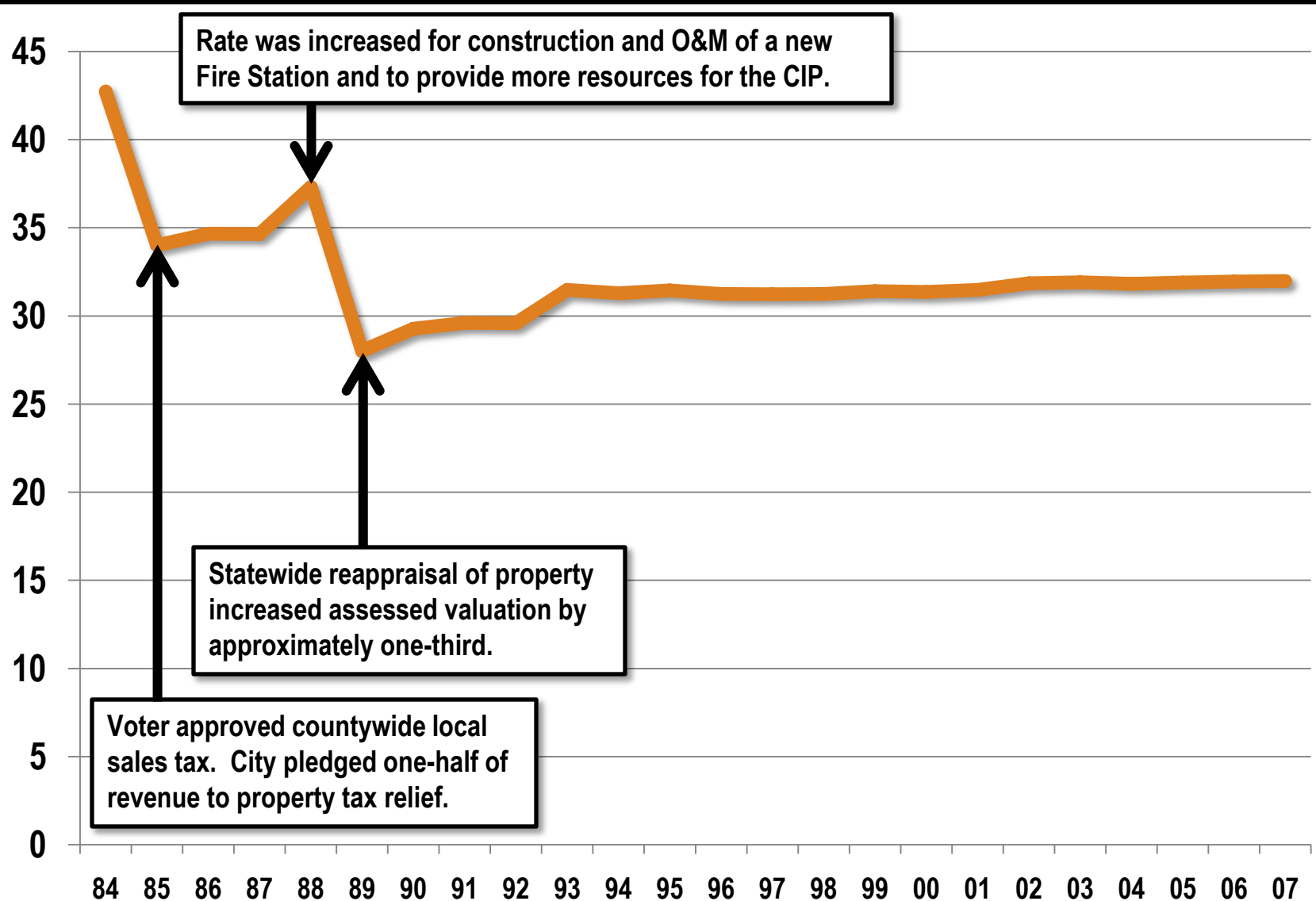


Mill Levy Rate (Most of Wichita)

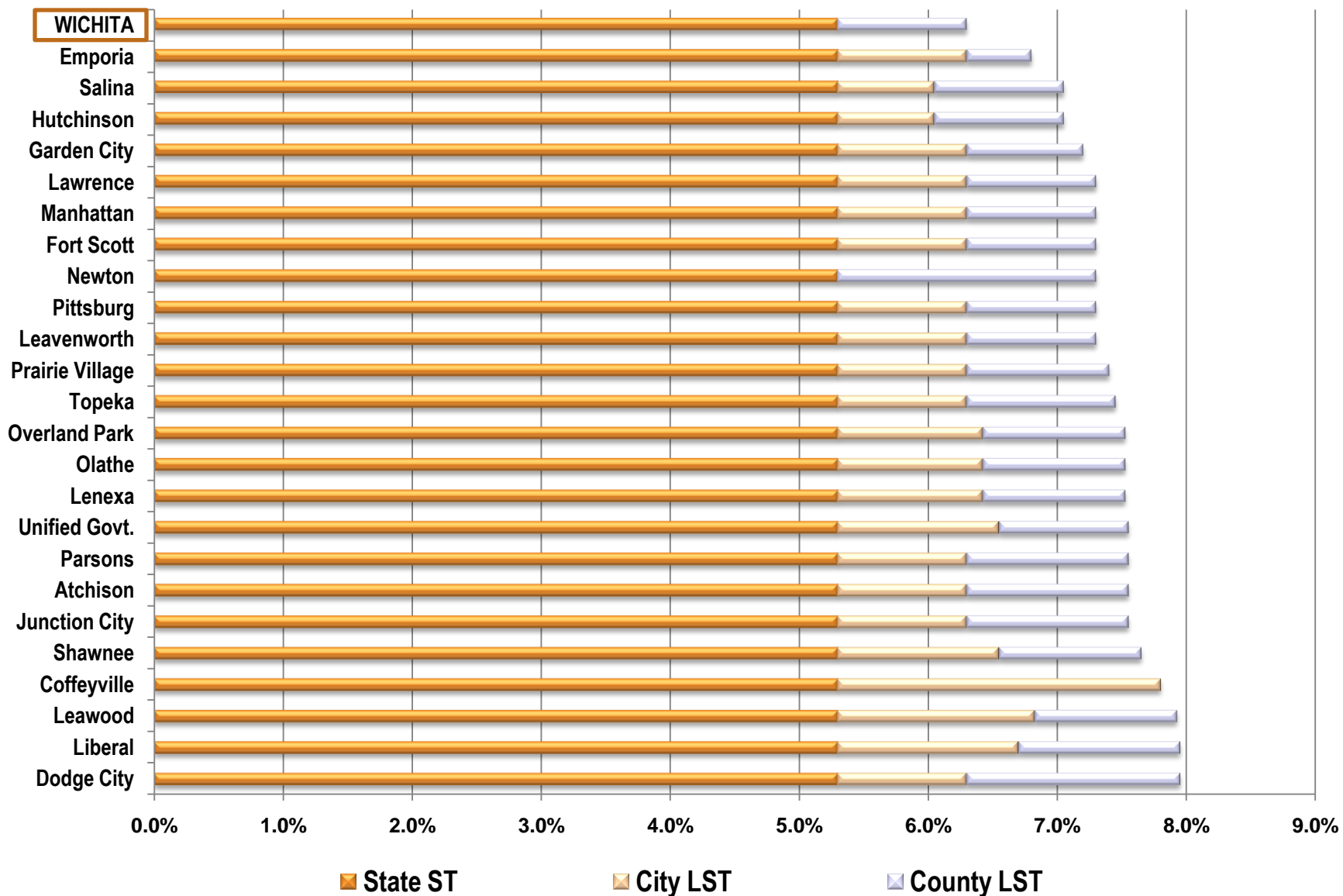


Tax Year	City	WSU	County	USD 259	State	Total
1984	42.740	1.500	20.550	64.840	1.500	131.130
1985	34.008	1.500	19.209	70.593	1.500	126.810
1986	34.660	1.500	19.595	74.205	1.500	131.460
1987	34.639	1.500	21.738	81.763	1.500	141.140
1988	37.303	1.484	23.292	86.102	1.500	149.681
1989	28.015	1.396	21.815	69.975	1.500	122.701
1990	29.268	1.452	23.423	74.712	1.500	130.355
1991	29.607	1.499	23.831	90.203	1.500	146.640
1992	29.594	1.501	24.235	49.590	1.500	106.420
1993	31.472	1.500	26.666	51.143	1.500	112.281
1994	31.290	0.000	28.122	52.508	1.500	113.420
1995	31.443	0.000	28.160	53.609	1.500	114.712
1996	31.247	0.000	28.061	51.874	1.500	112.682
1997	31.225	1.479	28.717	44.383	1.500	107.304
1998	31.253	1.491	28.147	37.636	1.500	100.027
1999	31.406	1.500	27.199	37.526	1.500	99.131
2000	31.359	1.543	27.057	46.163	1.500	107.622
2001	31.474	1.500	27.154	54.926	1.500	116.554
2002	31.845	1.500	27.276	51.839	1.500	113.960
2003	31.905	1.500	27.322	51.408	1.500	113.635
2004	31.828	1.495	27.268	51.296	1.500	113.387
2005	31.898	1.500	27.258	51.300	1.500	113.456
2006	31.953	1.500	29.815	51.296	1.500	116.064
2007	31.979	1.500	29.833	53.238	1.500	118.050

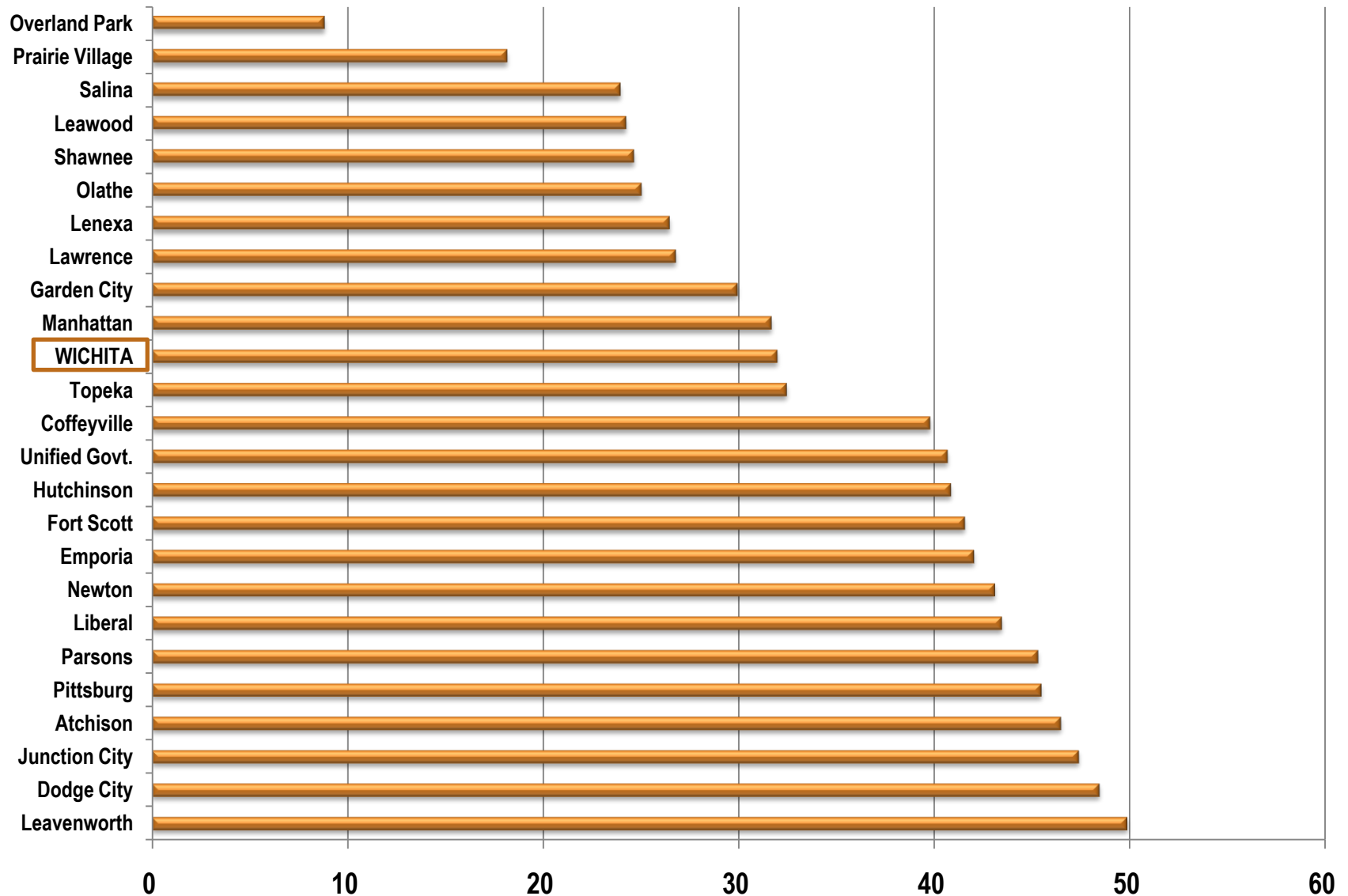
Mill Levy Rates – City of Wichita



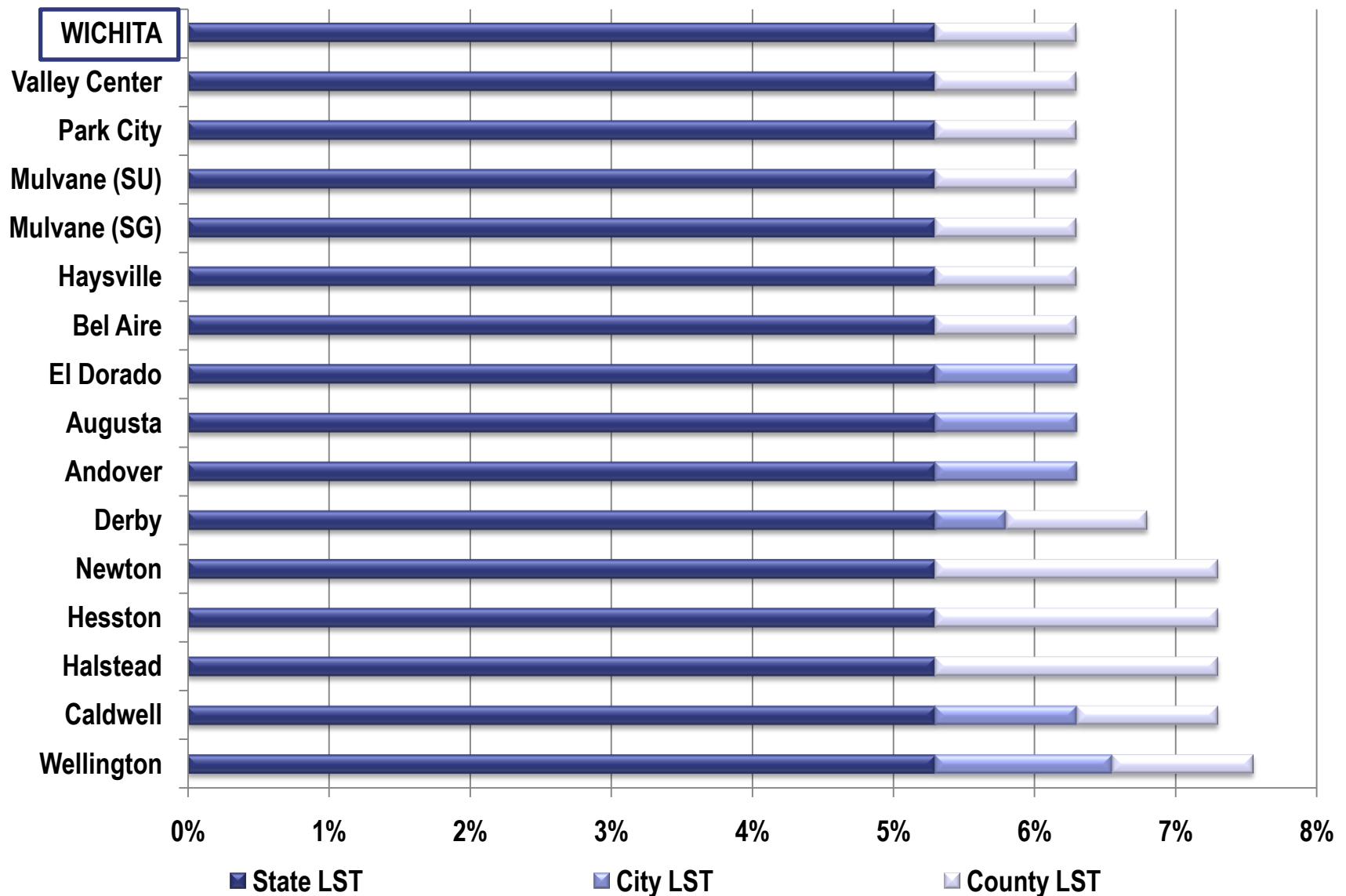
Sales Tax Rates – KS 1st Class Cities



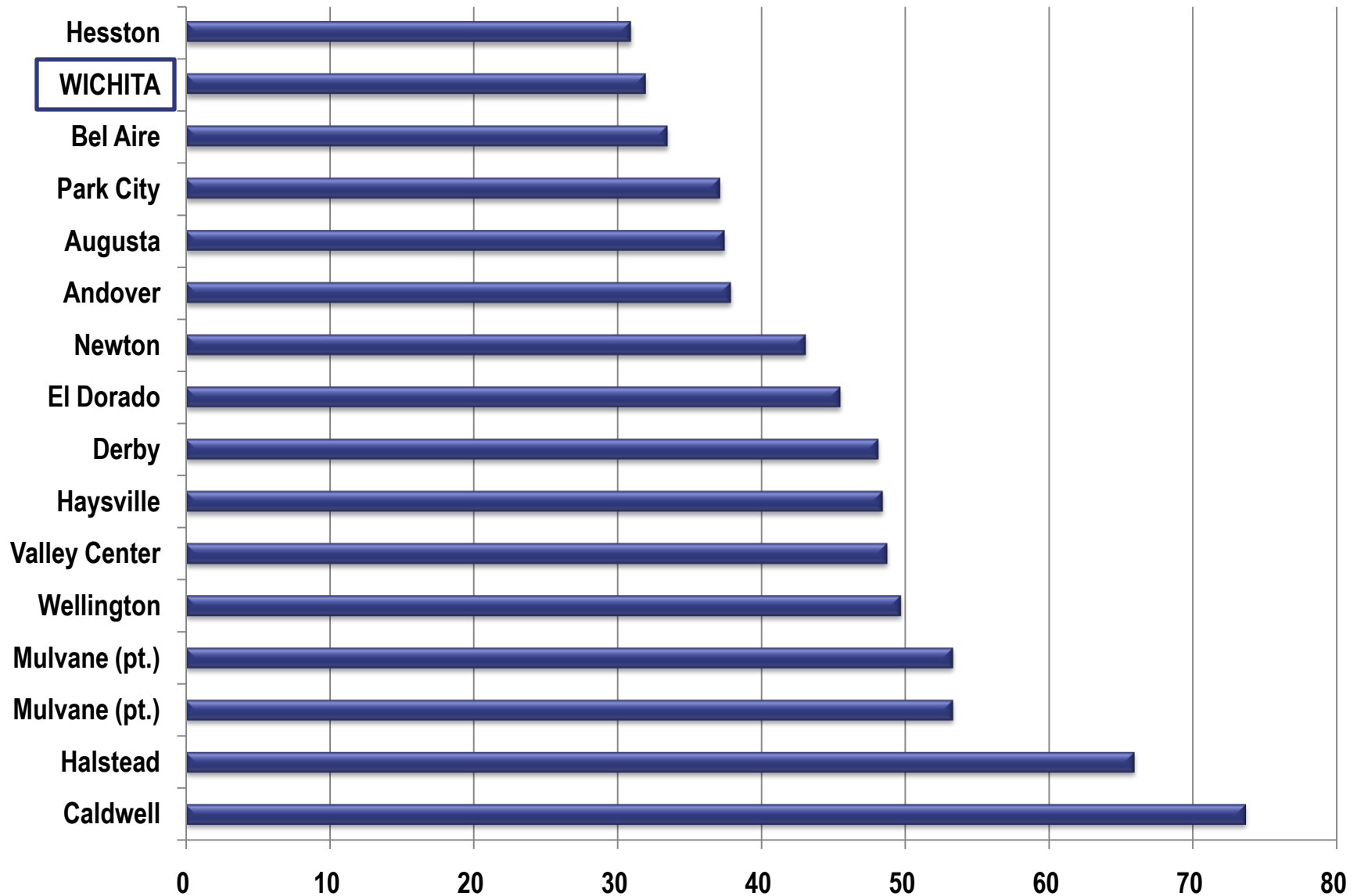
Mill Levy Rates – KS 1st Class Cities



Sales Tax Rates – MSA 1st/2nd Class Cities

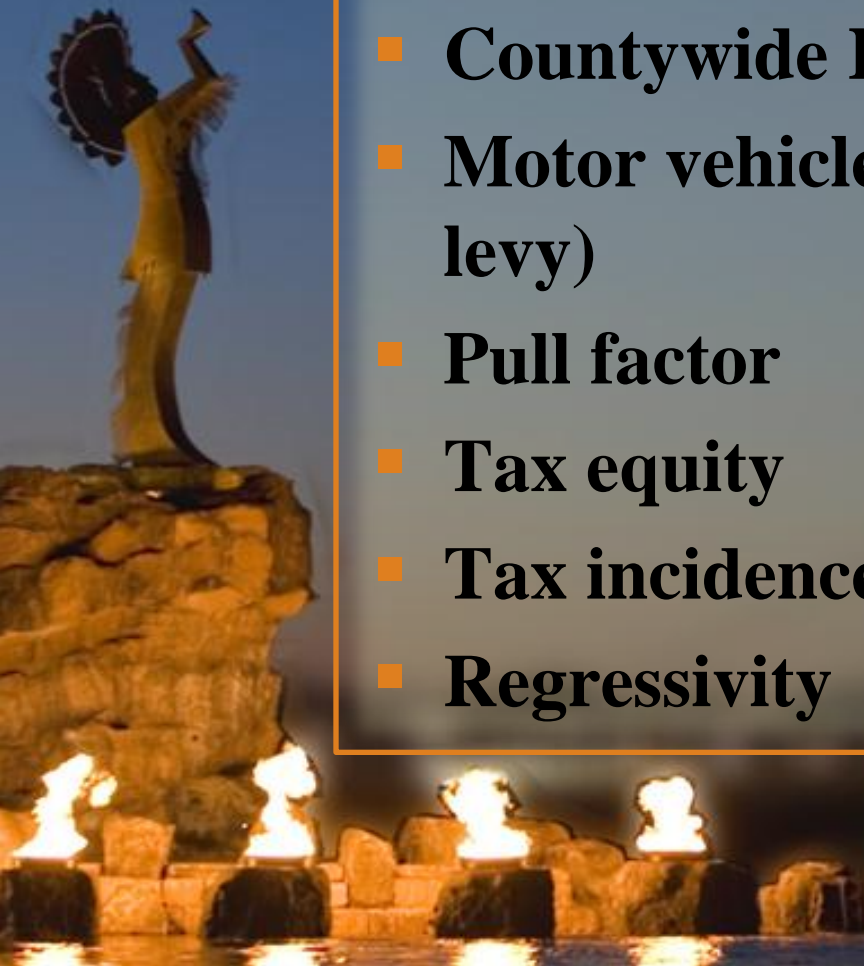


Mill Levy Rates – MSA 1st/2nd Class Cities



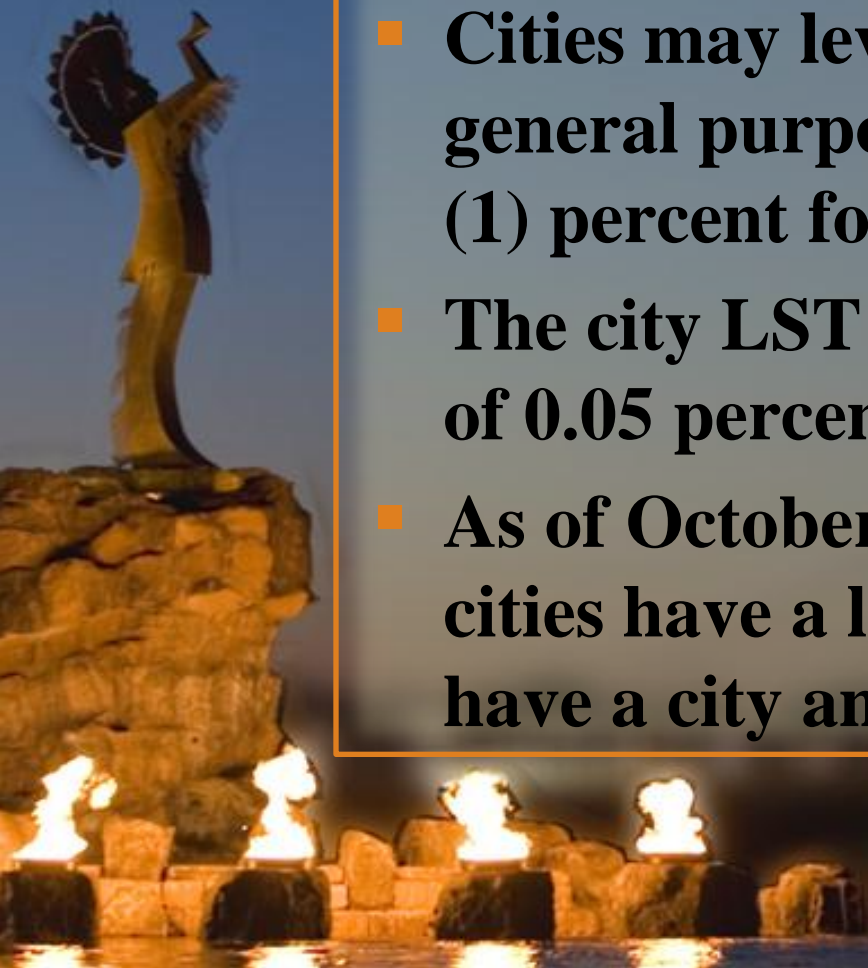
Terms and Concepts

- **Assessed value vs. appraised value**
- **Mill levy**
- **Countywide LST vs. City-only LST**
- **Motor vehicle tax (average countywide levy)**
- **Pull factor**
- **Tax equity**
- **Tax incidence**
- **Regressivity**




Local Sales Tax


- KSA 12-187, *et seq.*, authorizes cities to levy a city-only local sales tax.
- Cities may levy up to two (2) percent for general purposes and an additional one (1) percent for special purposes.
- The city LST rate must be in increments of 0.05 percent.
- As of October 2007, 85 counties and 221 cities have a local sales tax (570 cities have a city and/or county LST).



Reasons to Consider City LST

- 
- Property tax relief
 - Future growth and business retention
 - Tax equity
 - *Less* regressive than property tax
 - Does not require special legislative action, but does require community discussion and support
 - Tax on consumption rather than thrift
 - Would lower motor vehicle taxes for all

Issues and Considerations

- 
- **Impact on other revenues**
 - Countywide LST (\$330,000 per mill)
 - Motor vehicle tax (\$390,000 per mill)
 - **Elasticity**
 - **Vehicle purchases**
 - **Destination-based (vs. source-based)**
 - **Tax Increment Financing (TIF) Districts**
 - **Public education and public opinion**

Tax Shift Examples

Property taxes for City of Wichita *only*

Taxpayer	Status Quo	With City LST	Difference	Percent
\$100,000 Home				
<i>City of Wichita</i>	\$368	\$172	\$196	53.2%
Small Business	\$7,999	\$3,747	\$4,252	53.2%
Large Business	\$42,273	\$19,801	\$22,472	53.2%
Large Retail	\$56,701	\$26,559	\$30,142	53.2%
\$20,000 Vehicle	\$387	\$354	\$33	8.5%

Tax Shift Examples

Property taxes for City of Wichita *only*

Taxpayer	Status Quo	With City LST	Difference	Percent
\$100,000 Home				
<i>City of Wichita</i>	\$368	\$172	\$196	53.2%
Small Business	\$7,999	\$3,747	\$4,252	53.2%
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Large Retail	\$56,701	\$26,559	\$30,142	53.2%
\$20,000 Vehicle				
	\$387	\$354	\$33	8.5%

Combined property taxes for all jurisdictions, i.e., City, County, USD, etc.

Taxpayer	Status Quo	With City LST	Difference	Percent
\$100,000 Home				
<i>City of Wichita</i>	\$1,358	\$1,162	\$196	14.4%
<i>Unincorporated</i>	\$1,353	\$1,353	\$0	0.0%
Small Business	\$29,528	\$25,276	\$4,252	14.4%
Large Business	\$156,049	\$133,577	\$22,472	14.4%
Large Retail	\$209,312	\$179,170	\$30,142	14.4%

Status Quo – Local Sales Tax

2007 Countywide LST Receipts (Transaction Base)

Total (excluding Arena revenue)	85,001,807	100.00%
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Status Quo – Local Sales Tax

2007 Countywide LST Receipts (Transaction Base)

City limits of Wichita	66,515,885	78.25%
City limits of other cities	7,019,888	8.26%
Unincorporated area of the County	11,466,034	13.49%
<hr/>		
Total (excluding Arena revenue)	85,001,807	100.00%

Status Quo – Local Sales Tax

2007 Countywide LST Receipts (Transaction Base)			Distribution	
City limits of Wichita	66,515,885	78.25%	49,074,773	57.73%
City limits of other cities	7,019,888	8.26%	10,266,858	12.08%
Unincorporated area of the County	11,466,034	13.49%	25,660,175	30.19%
Total (excluding Arena revenue)			85,001,807	100.00%



Status Quo – Local Sales Tax

2007 Countywide LST Receipts (Transaction Base)			Distribution	
City limits of Wichita	66,515,885	78.25%	49,074,773	57.73%
City limits of other cities	7,019,888	8.26%	10,266,858	12.08%
Unincorporated area of the County	11,466,034	13.49%	25,660,175	30.19%
<hr/>			<hr/>	
Total (excluding Arena revenue)	85,001,807	100.00%	85,001,807	100.00%



Status Quo – Local Sales Tax

2007 *Wichita* LST Receipts (Customer Base)

Total of Wichita Transactions	66,515,885	100.00%
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Status Quo – Local Sales Tax

2007 *Wichita* LST Receipts (Customer Base)

Wichita Customers	53,212,708	80.00%
Pull Factor (Non-Wichitans)	13,303,177	20.00%
<hr/>		
Total of Wichita Transactions	66,515,885	100.00%



Status Quo – Local Sales Tax

2007 *Wichita* LST Receipts (Customer Base)

Wichita Customers	53,212,708	80.00%
Pull Factor (Non-Wichitans)	13,303,177	20.00%
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Total of Wichita Transactions	66,515,885	100.00%

2007 *Countywide* LST Receipts (Customer Base)

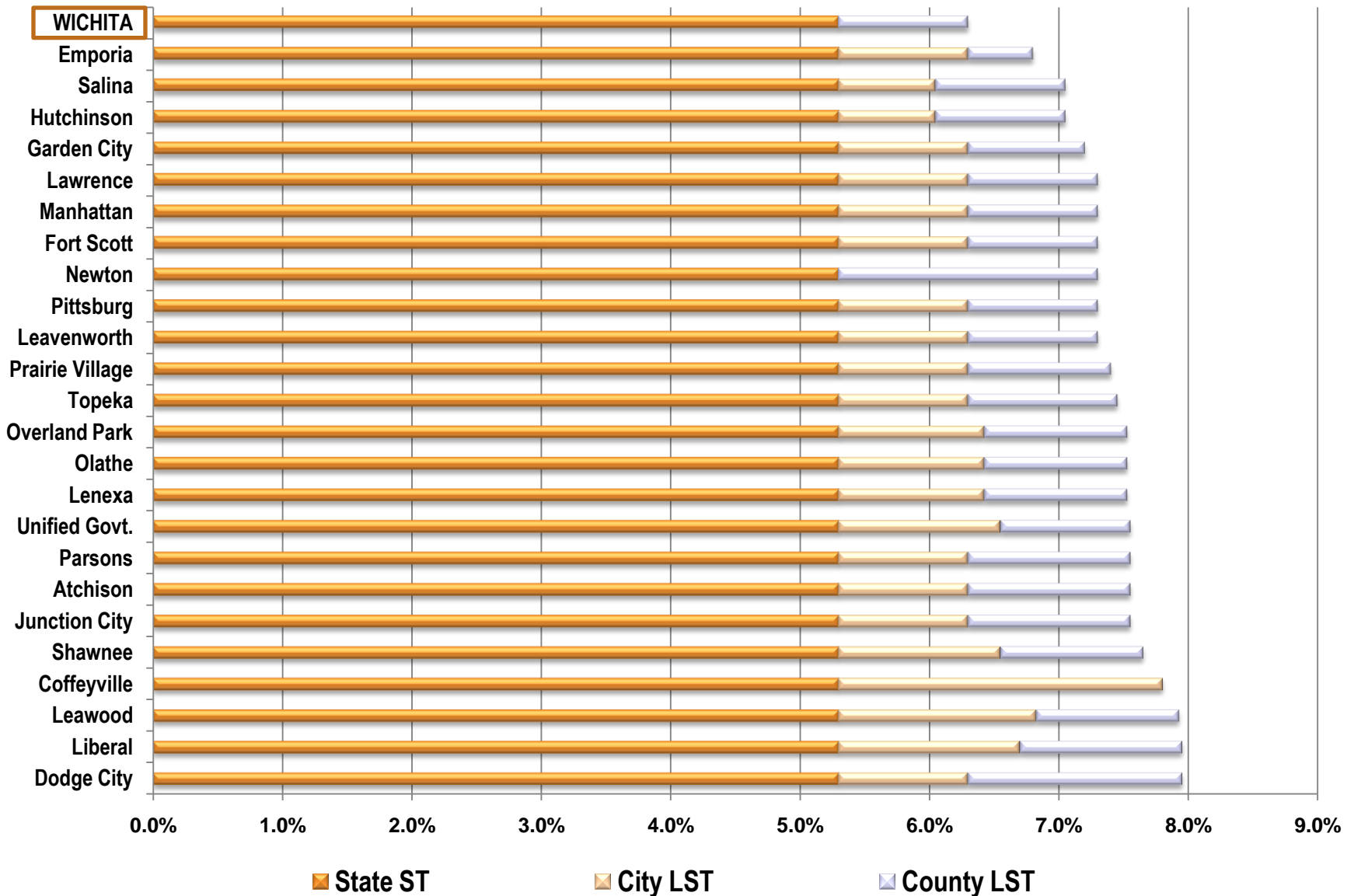
Sedgwick County Customers	72,251,536	85.00%
Pull Factor (Non-SG Customers)	12,750,271	15.00%
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Total of Countywide Transactions	85,001,807	100.00%

Status Quo – Local Sales Tax

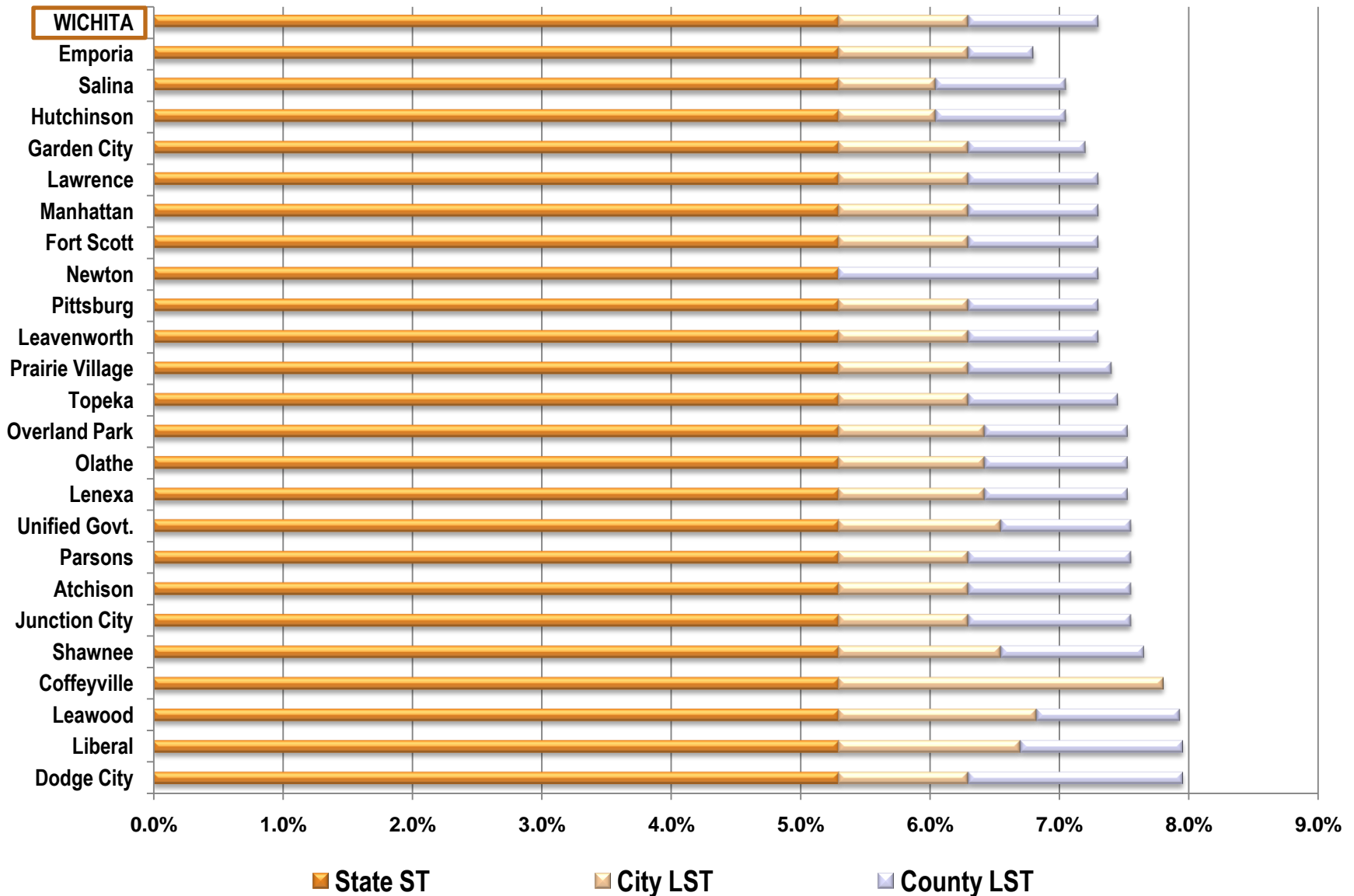
2007 Countywide LST Receipts (Transaction Base)			Distribution	
City limits of Wichita	66,515,885	78.25%	49,074,773	57.73%
City limits of other cities	7,019,888	8.26%	10,266,858	12.08%
Unincorporated area of the County	11,466,034	13.49%	25,660,175	30.19%
Total	85,001,807	100.00%	85,001,807	100.00%

Projected Countywide & City-only LST Receipts			Distribution	
City limits of Wichita	133,031,770	87.80%	109,260,211	72.11%
City limits of other cities	7,019,888	4.63%	11,160,694	7.37%
Unincorporated area of the County	11,466,034	7.57%	31,096,786	20.52%
Total	151,517,692	100.00%	151,517,692	100.00%

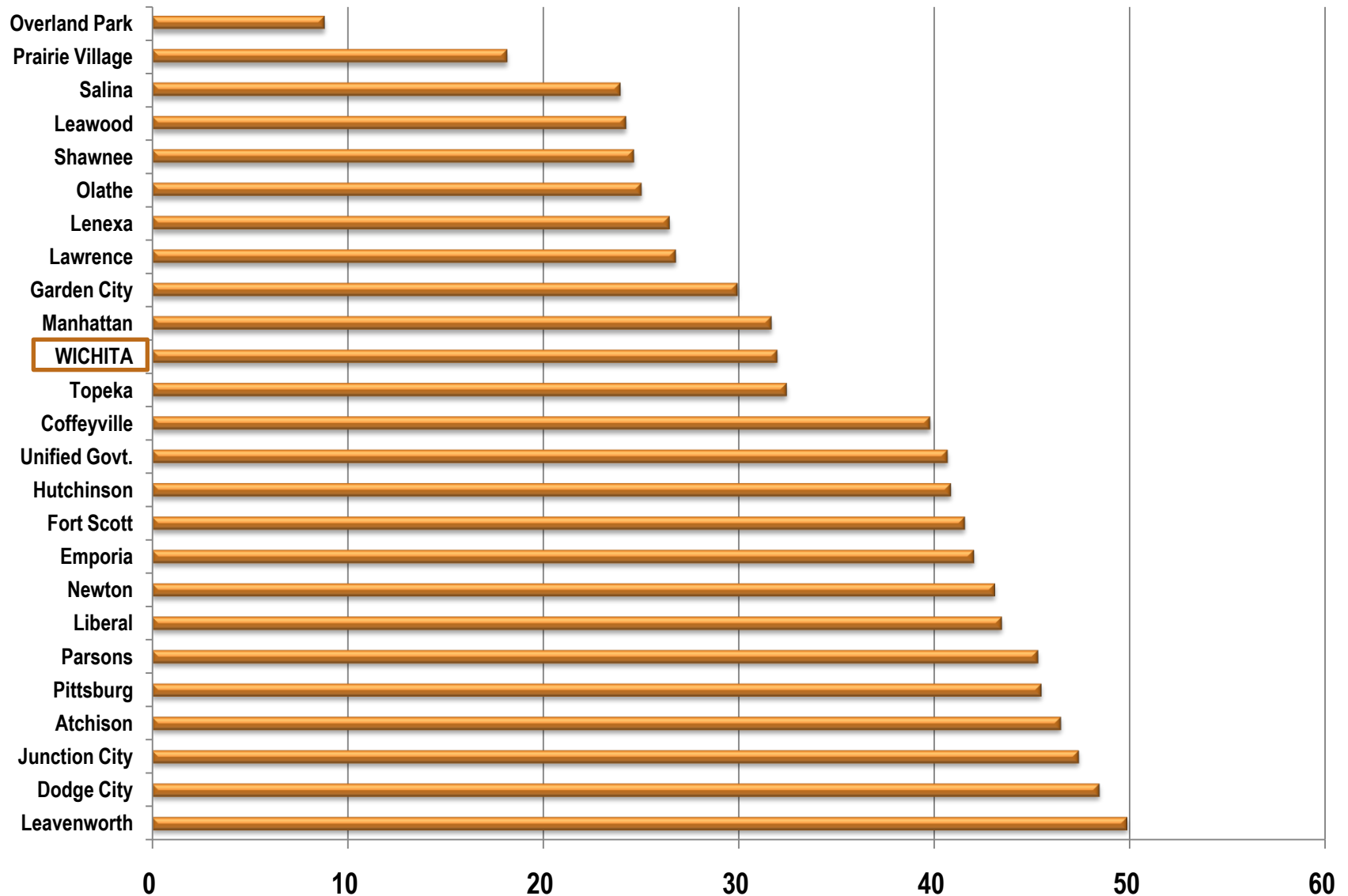
Sales Tax Rates – KS 1st Class Cities



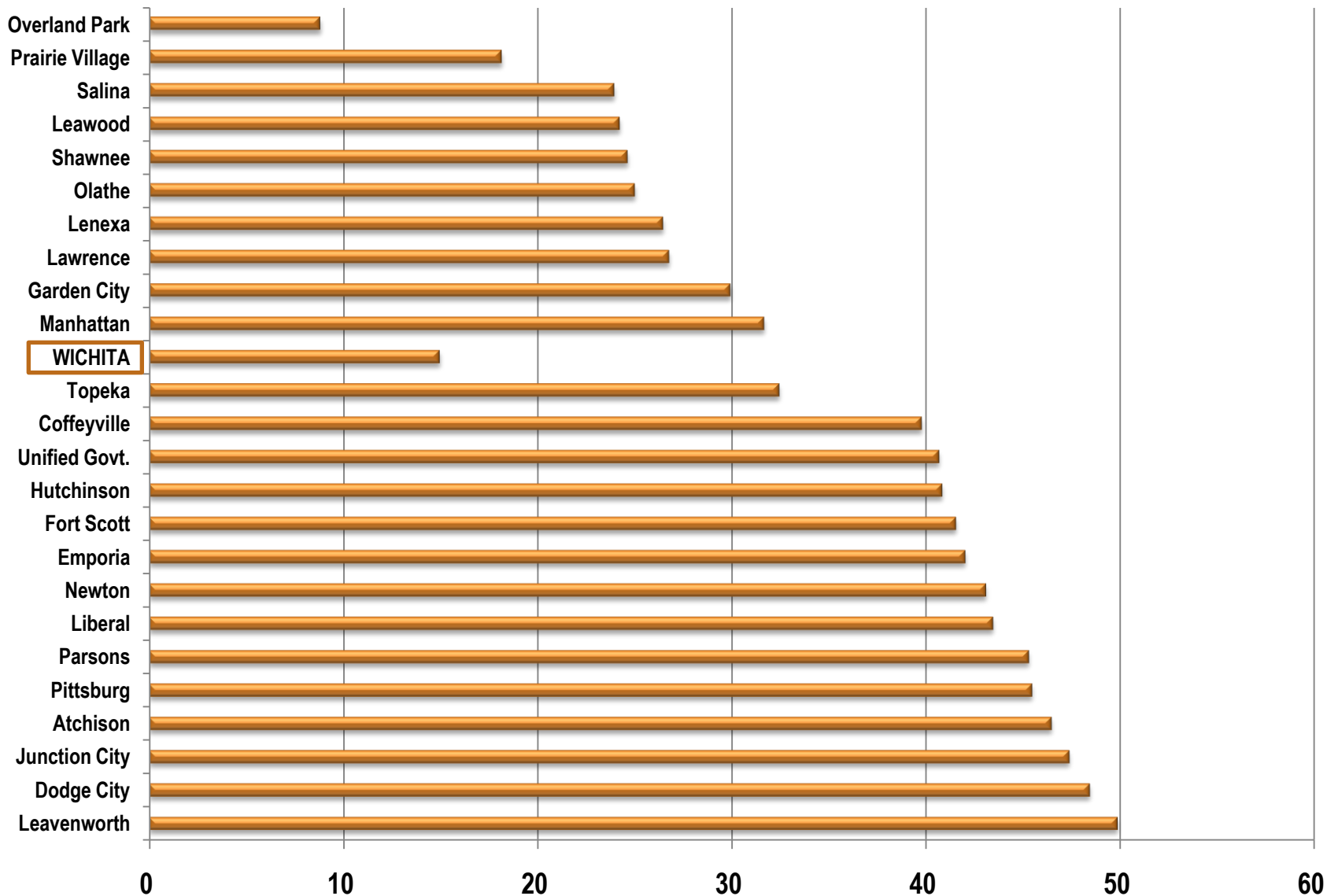
Sales Tax Rates – KS 1st Class Cities



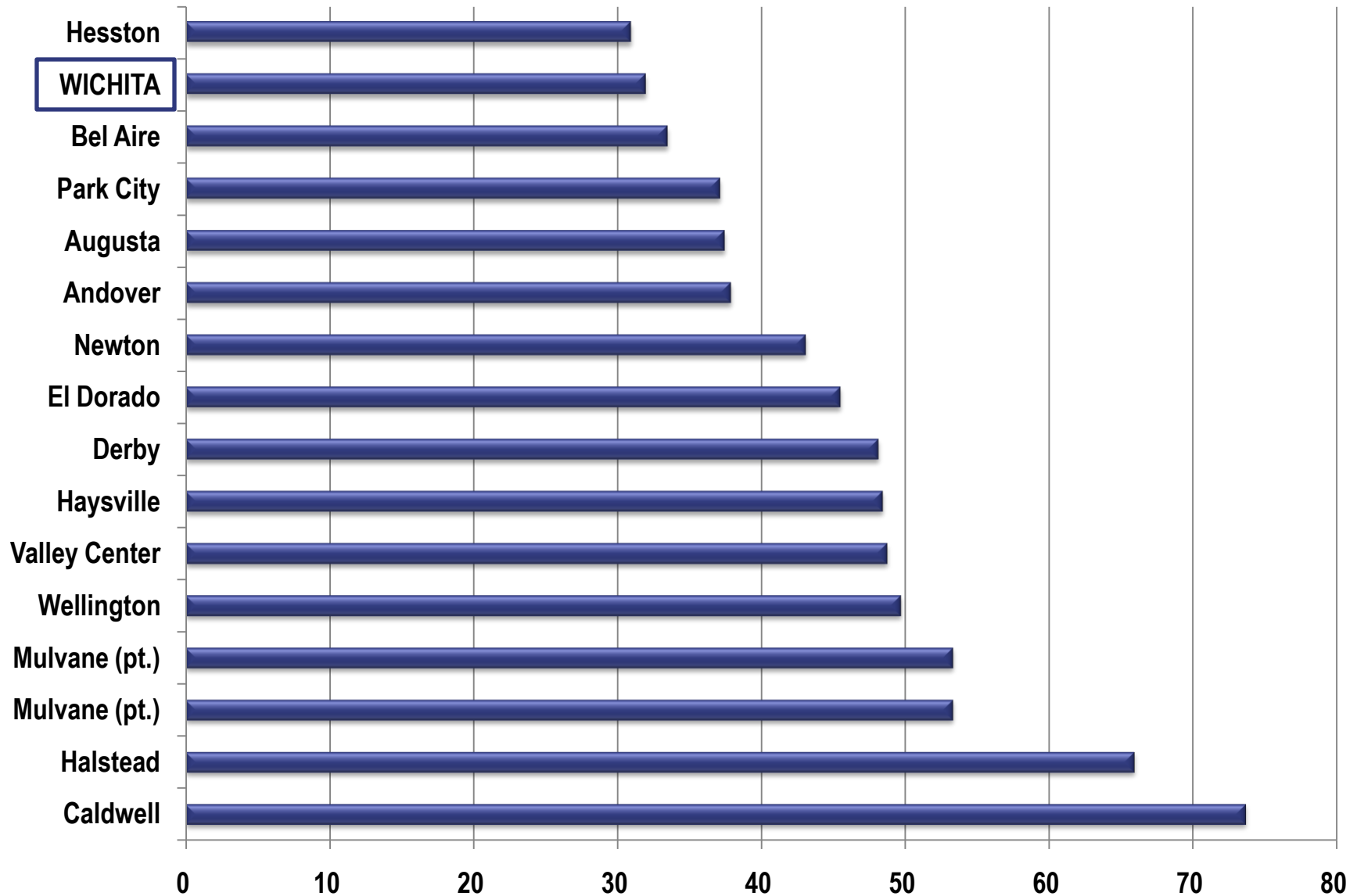
Mill Levy Rates – KS 1st Class Cities



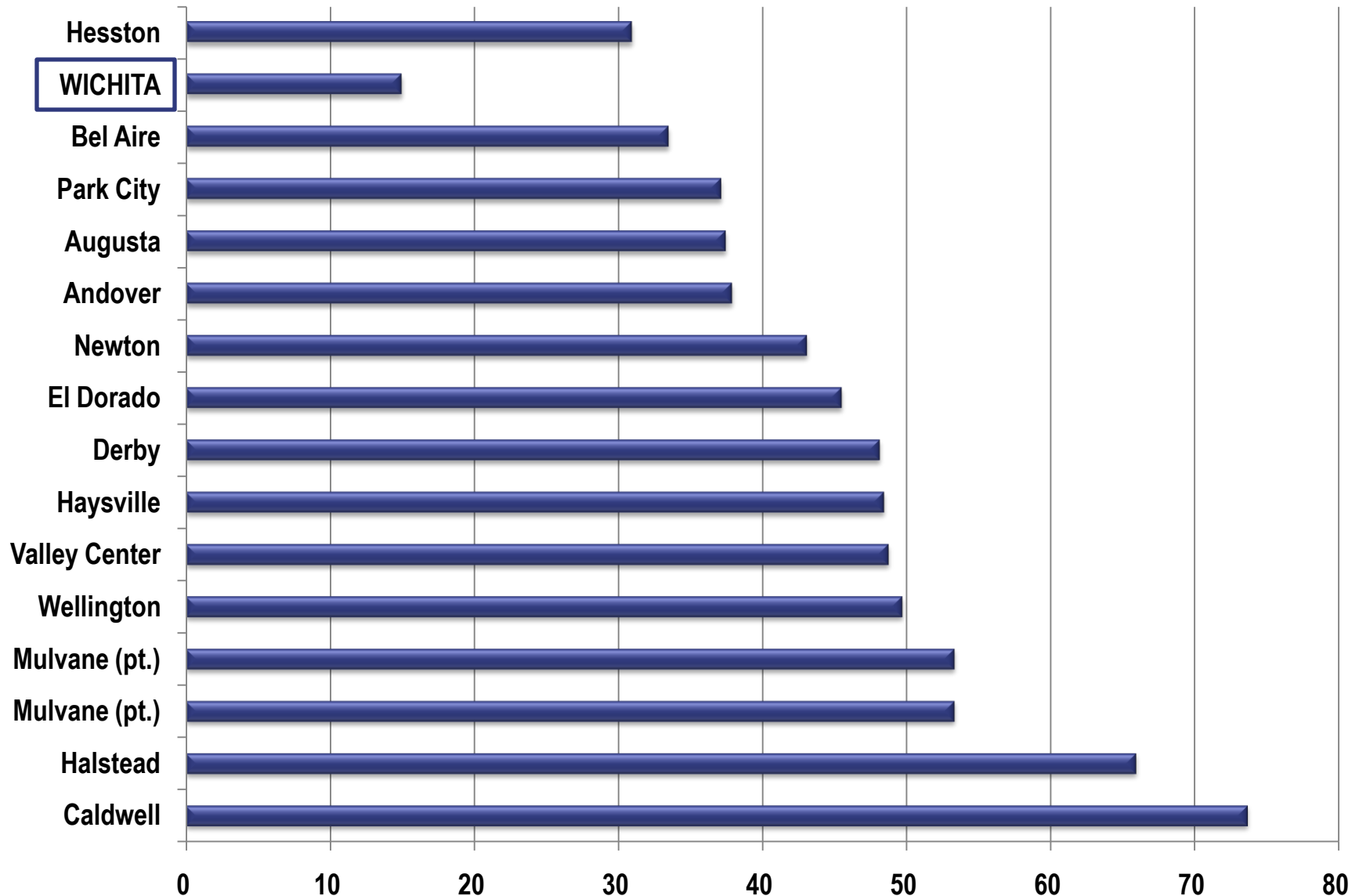
Mill Levy Rates – KS 1st Class Cities



Mill Levy Rates – MSA 1st/2nd Class Cities

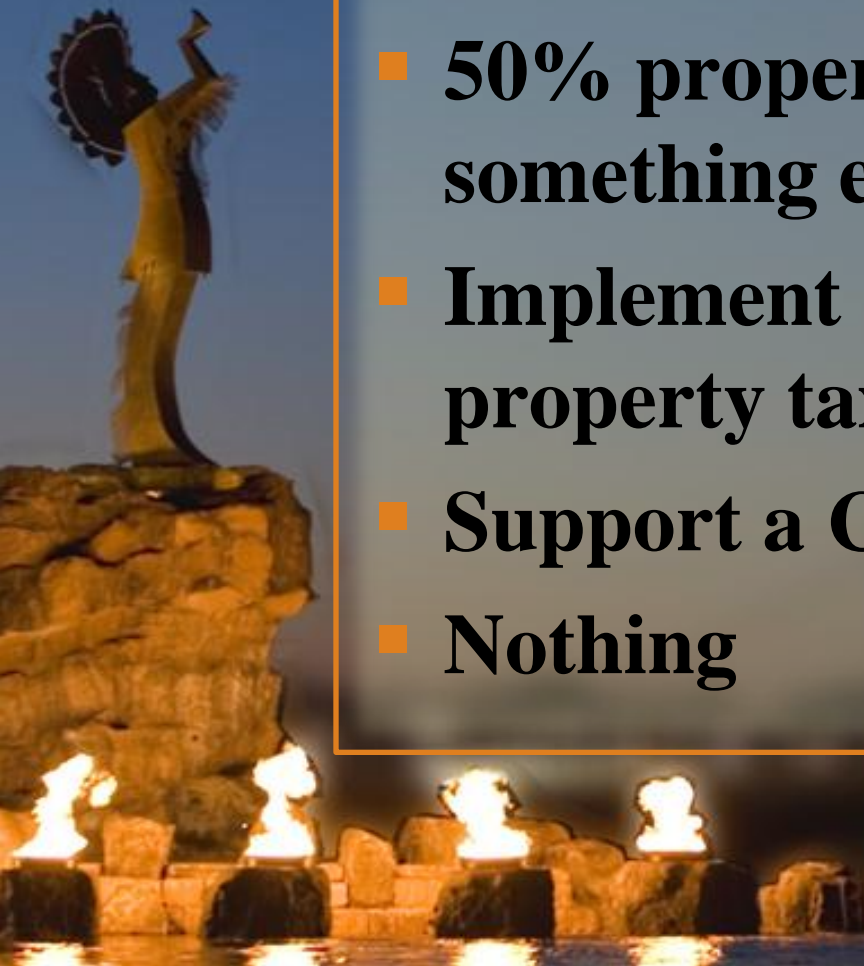


Mill Levy Rates – MSA 1st/2nd Class Cities



Options

- 100% swap – “One for one” LST for property tax relief
- 50% property tax relief and 50% something else (infrastructure)
- Implement a city LST with no property tax relief
- Support a Countywide LST
- Nothing



Questions and Discussion

